

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2355-01
Bill No.: Perfected HB-1041
Subject: Cities: Tourism Tax
Type: Original
Date: March 19, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or Numberlosses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** stated that this proposal expands the purposes for which local tourism taxes can be used, and would have no fiscal impact to DOR

Officials of the **Department of Economic Development- Division of Tourism** stated that this proposal would have no fiscal impact.

Oversight assumes this proposal is enabling legislation and would have no state fiscal impact. Certain local governments would have the option of using 35% of the tax collected for capital improvements. This proposal does not require the governing bodies of certain size cities to set aside 35% of tax collections for city capital improvements. Therefore, Oversight assumes there would be no local fiscal impact, without action by the city's governing body. Oversight will show no fiscal impact to state or local government.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This bill allows cities with a population of less than 1,500 which have a tourism tax on transient guests to transfer 40% of tourism funds into the city's general revenue fund and to transfer 35% into the capital improvements fund. Under current law, 25% of the funds must be used for

DESCRIPTION (continued)

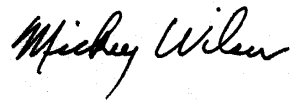
tourism marketing and promotional purposes.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue

Department of Economic Development- Division of Tourism

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
March 19, 2002